



Investigations Advisory

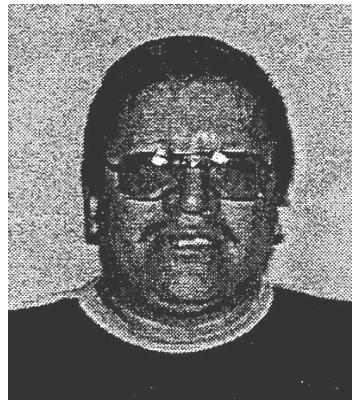
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De Luna Apprehended

Jose Claro De Luna of Alameda Metals was arrested in Michigan in December and is being extradited to California to stand trial on recycling fraud charges. His partner, Dana Robert Schwartz, remains at large and is reported to be in Bogota, Colombia. De Luna was charged with conspiracy to commit fraud and grand theft in the Alameda Metals Recycling case. De Luna was involved in redeeming out-of-state containers for CRV with Robert Schwartz and Santos Saenz.

Jose Claro De Luna



Former Department of Justice Agent Joins Department of Conservation

In January, former Department of Justice (DOJ) Special Agent John Huller joined the Department of Conservation, (Department) Recycling Investigations Branch in our San Diego Office. While at DOJ John successfully investigated numerous fraud cases, including some of the Department's recycling cases. His extensive knowledge and expertise will greatly enhance the Department's fraud investigations capability.

Two Men From Yuma Arrested

In November, two men from Yuma Arizona were arrested for transporting beverage containers into California to collect California Redemption Value. Based on an investigation launched by the Department, DOJ agents arrested the two men and charged them with grand theft and conspiracy to commit fraud. The Department's investigation included under cover sales of containers to the men and extensive surveillance of their activities. After being charged, the defendants pled guilty and are awaiting sentencing. A third individual was also arrested and is awaiting trial in Los Angeles.



Container Sale Prohibition

In the January 2007 edition of the Investigation Advisory, the Department made processors aware that Laszlo Lencse, who was banned from the California Beverage Container Recycling Program by the Department, has continued buying plastic containers from program processors. This is a violation of the ban from the recycling program issued to Lencse by the Department. Processors should not sell their beverage containers to any company with which Lencse is affiliated. The Department is investigating sales of containers to Lencse. Processors selling beverage containers to Lencse, or any company affiliated with Lencse, may be subject to extensive fines and loss of their certification in the program for failing to properly cancel containers.

Update

In the calendar year 2007 the Department decertified 28 recyclers for illegal fraudulent activity. Decertifying these centers has permanently eliminated \$11 million in fraud from the program. During the year, the Department has worked closely with out-of-state companies to eliminate the transporting of containers into California for the purpose of illegally claiming CRV on those containers. The Department currently has five ongoing investigations that will eliminate a significant amount of fraud from the program within the next six months. Your assistance in our continuing efforts to eliminate fraud are greatly appreciated by the Department.